

**CERTIFIED
ORIGINAL**

BEFORE THE STATE LANDS COMMISSION
STATE OF CALIFORNIA

IN THE MATTER OF)
)
STATE LANDS COMMISSION)
)
REGULAR BOARD MEETING)
_____)

TRANSCRIPT OF PROCEEDINGS

Monday, June 11, 1990

Council Chambers
350 Main Street
El Segundo, California

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LaFenus Stancel, Commission
Alternate for Director of
Finance Jesse R. Huff

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STAFF

James F. Trout
Charles Warren
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Dwight E. Sanders, Chief, Division of
Research and Planning

PUBLIC

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James Goode	38
Douglas Coates	51

1 State Lands Commission

2 June 11, 1990

3 10:30 a.m.

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- - P R O C E E D I N G S - -

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CHAIR DAVIS: We'll convene this meeting of the
10 Lands Commission in El Segundo and note the presence of a
11 quorum.

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The first item of business is the confirmation
of the Minutes on March 27th. Do I have a motion to
approve? We have a motion. Without objection, those are
approved.

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Mr. Warren, I noticed that we've got a few items
that have been pulled from the calendar. You want to
indicate for all concerned which items those are.

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CHARLES WARREN: Yes.

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As of this morning the following items have been
removed from the calendar consent: Calendar Item No. 9,
Consent Item No. 34, Consent Item No. 37, Regular Calendar
Item 66, Regular Calendar Item 68, and Regular Calendar
Item 77 have also been pulled and removed from the calendar.

CHAIR DAVIS: For those of you who haven't

4

1 attended one of our meetings before, our practice is to ask
2 if anyone objects to an item on the agenda or wants to be
3 heard in relation to an item on the agenda, and then if not, I
4 will entertain a motion to approve the item. So that is our
5 practice which I will observe today as well.

6 CHARLES WARREN: You're referring to the consent
7 calendar?

8 CHAIR DAVIS: No, in general. The consent
9 calendar, obviously, the assumption is that there is no
10 objection to the item or else it wouldn't be on the consent,
11 but in general that's how I proceed.

12 So the first item before us is the consent
13 calendar which includes more than 50 items, and presumably
14 there's no objection to those items. If anyone wants to
15 speak on or has an objection to any of those items, please
16 come forward.

17 Seeing no one or hearing no objection, I will
18 entertain a motion to approve the consent calendar.

19 COMMISSION-ALTERNATE MANNING: Move to approve
20 the consent calendar.

21 COMMISSION-ALTERNATE STANCELL: I'll second.

22 CHAIR DAVIS: All right. The consent calendar
23 is adopted.

24 CHARLES WARREN: Item 57.

25 CHAIR DAVIS: One other housekeeping matter.

1 The staff has these forms that you can fill out if you want to
2 be heard on a specific item, and there is -- who has a copy of
3 the agenda up here? Who from the staff has the --

4 CHARLES WARREN: Oh, I don't. You mean of the
5 attendance record?

6 CHAIR DAVIS: No, I mean if anybody wants to
7 speak to an item.

8 CHARLES WARREN: In the back of the room.

9 CHAIR DAVIS: So far we have two items where
10 people want to speak on 84 and 86, and a number of items
11 where people are willing to speak if they are called upon.

12 Okay. Item 57, Mr. Warren.

13 CHARLES WARREN: Mr. Chairman, Commissioners,
14 Item 57 concerns a proposal by staff to amend a State
15 Indemnity Selection application which is on file with the
16 Bureau of Land Management. The amendment would reduce the
17 number of acres being considered for a low-level radioactive
18 waste disposal site. It deletes application for Apendiment
19 Valley and focuses on Ward Valley in San Bernadino. It's
20 about a thousand acres in the Ward Valley.

21 It restarts the State Indemnity Selection
22 process in order to obtain a full advantage of the two-year
23 review period in order to complete necessary studies before
24 proceeding with the selection of the site. The staff
25 requests approval of its request.

1 CHAIR DAVIS: And our approval would permit
2 what?

3 CHARLES WARREN: The selection process would
4 focus -- would delete other sites for consideration for this
5 radioactive waste disposal area. It focuses only on the Ward
6 Valley which is about a thousand acres in East Mojave and
7 San Bernadino County. It gives us a full two years for the
8 completion of necessary environmental reviews, both an EIR
9 and an EIS. At the end of that period, a decision will be
10 made on the suitability of that site or the State's low-level
11 radioactive waste disposal site.

12 CHAIR DAVIS: Does anyone want to speak in
13 opposition to this item?

14 Any questions?

15 Your motion is approved.

16 COMMISSION-ALTERNATE MANNING: Move No. 57.

17 COMMISSION-ALTERNATE STANCELL: I'll second.

18 CHAIR DAVIS: All right. That item is
19 unanimously adopted.

20 Item 58.

21 CHARLES WARREN: Item 58, Mr. Chairman,
22 Commissioners, the staff is requesting authorization to
23 proceed to take necessary steps, including litigation, for
24 the ejection and collection of back rentals on a small
25 parcel of submerged land located in the bed of the Sacramento

1 River. The present lessees have not complied with the lease
2 conditions, no insurance policy. They have not paid for rent
3 for over five years and despite numerous contacts they refuse
4 to bring their terms of their lease in compliance.

5 So we are requesting authorization.

6 CHAIR DAVIS: What's the total amount owed?

7 CHARLES WARREN: The lease was \$250 a year. So
8 five years about \$1250.

9 CHAIR DAVIS: Anyone here to speak in
10 opposition?

11 Is there a motion?

12 COMMISSION-ALTERNATE MANNING: Move No. 50.

13 COMMISSION-ALTERNATE STANCELL: Second.

14 CHAIR DAVIS: It's unanimously adopted.

15 Item 59.

16 CHARLES WARREN: Item 59, Mr. Chairman,
17 Commissioners, concerns the Malibu Pier. It requests
18 authority for the staff to receive from the Department of
19 General Services a previous lease that was issued to it;
20 further, to approve a new 20-year General Permit - Public
21 Agency Lease to the Department of Parks and Recreation.
22 The Department of Parks and Recreation will sublease the pier
23 to the Malibu Historical Pier Society.

24 It will also provide for an agreement on boundary
25 line understandings, and the terms of the lease are

1 substantially that the State will receive 50 percent of the
2 concessions received under the terms of the lease. I think
3 that is the --

4 CHAIR DAVIS: Is that the current arrangement we
5 have on the pier or is this a change in our current contract
6 or lease?

7 CHARLES WARREN: Let me ask Mr. Trout to give
8 you more detail.

9 JAMES TROUT: This is a little bit of a change.
10 The original lease was to General Services for 10 years. It
11 was operated by park. They were unable to completely bring
12 the pier up to standards, and in order to do so, they have
13 asked for a new concession operation, and they would go ahead
14 and bring that up to speed. We've made some improvements in
15 this lease. It will require a -- they supply diesel fuel to
16 vessels, for example. We are going to require an oil spill
17 plan and those kinds of things. So this is different but
18 better.

19 CHAIR DAVIS: Is the 50-percent figure the
20 same?

21 JAMES TROUT: No. There was no grant in the
22 first lease, and this is 50 percent of net revenue after the
23 park has recovered all of the costs of bringing the pier up
24 and also covered operation and maintenance of the park.

25 CHAIR DAVIS: Is there anyone here in opposition

1 to this item?

2 Any questions?

3 Is there a motion?

4 COMMISSION-ALTEPNATE STANCELL: I move the
5 item.

6 COMMISSION-ALTERNATE MANNING: Second.

7 CHAIR DAVIS: All right. It's unanimously
8 adopted.

9 Item 60.

10 CHARLES WARREN: Item 60, Mr. Chairman,
11 Commissioners, in this item the State Lands Commission
12 has agreed to act as agent for the Riverside Community
13 College District in preparation of subdivision map on school
14 lands and to conduct a competitive bid sale.

15 In performing this responsibility, one of the
16 100 lots sold was sold erroneously. In order to correct
17 that, this item is before you. This would authorize the
18 acceptance of the grant deed from Parkridge Associates, the
19 owner of one of the 100 lots that was conveyed, and it
20 authorizes an amendment to the purchase and sale agreement
21 which was previously approved by you in May of 1989. It will
22 result in a reduction of about \$3400 in the agreed-upon
23 purchase price for the original 100 lots, reflecting that
24 unique circumstances involving that one lot.

25 There is no objection. All parties are in

1 agreement, and we ask for approval.

2 CHAIR DAVIS: Is there anybody here to speak in
3 opposition?

4 Any questions?

5 Motion?

6 COMMISSION-ALTERNATE STANCELL: Move the item.

7 COMMISSION-ALTERNATE MANNING: Second.

8 CHAIR DAVIS: All right. That's unanimously
9 approved.

10 Item 61.

11 CHARLES WARREN: Item 61, Mr. Chairman,
12 Commissioners, would authorize the selling to the California
13 Department of Forestry 40 acres of school land in Tulare
14 County.

15 This parcel was acquired in 1981 for the precise
16 purpose of blocking up the Mountain Home State Forest. The
17 proceeds of the sale for the -- of \$140,000 for the land will
18 be deposited in the school land bank to produce income for
19 that program, and the \$210,000 for the sale of timber on the
20 parcel will be made available to the State Teachers
21 Retirement System.

22 We ask for approval.

23 CHAIR DAVIS: Is there anyone here in opposition
24 to that item?

25 Any questions?

1 Is there a motion?

2 COMMISSION-ALTERNATE MANNING: Move No. 61.

3 COMMISSION-ALTERNATE STANCELL: Second.

4 CHAIR DAVIS: All right, that's unanimously
5 approved.

6 Item 62.

7 CHARLES WARREN: Item 62 is another failure to
8 comply with the requirements of the lease, and we're
9 requesting authority to take steps necessary for ejectment
10 from land located at Lake Tahoe. It was a 10-year lease.
11 The lease expired in 1987. All efforts to contact the lessee
12 have been --

13 CHAIR DAVIS: How much money is involved there?

14 CHARLES WARREN: No money, just a lease.

15 CHAIR DAVIS: All right. Anyone in opposition
16 to this item?

17 Questions?

18 Motion?

19 COMMISSION-ALTERNATE MANNING: Move the item.

20 COMMISSION-ALTERNATE STANCELL: Second.

21 CHAIR DAVIS: All right, that's unanimously
22 approved.

23 Item 63.

24 CHARLES WARREN: Item 63, Mr. Chairman, is the
25 approval of the assignment of a General Lease for 25-plus

1 acres of State lieu land in Mojave, in Kern County. The
2 25 acres will be used for a water pipeline, monitoring well,
3 and a dry overflow containment pond used to support a gold
4 mining operation.

5 I must emphasize the fact that this dry overflow
6 containment pond is designed to accommodate the needs of a
7 100-year flood. If a flood of such proportion occurs, the
8 present containment pond would be unable to handle the
9 waters. So this is a backup or safety valve pond in the
10 event such a condition exists in order to confine any toxics
11 that might flow off the present site.

12 CHAIR DAVIS: Anyone here in opposition?
13 Questions?

14 COMMISSION-ALTERNATE MANNING: The ponds that
15 are on this -- at this location currently, none of those
16 ponds are located on State lands; is that correct?

17 CHARLES WARREN: That is correct.

18 CHAIR DAVIS: Is there a motion?

19 COMMISSION-ALTERNATE MANNING: Move No. 63.

20 COMMISSION-ALTERNATE STANCELL: Second.

21 CHAIR DAVIS: All right. That's unanimously
22 approved.

23 Item 64.

24 CHARLES WARREN: Item 64, Mr. Chairman, is
25 approval of a five-year Recreational Pier Permit at Lake

1 Tahoe, rent-free as provided by law. We ask that -- there is
2 no opposition. We ask for approval.

3 CHAIR DAVIS: Anybody here to speak against this
4 item?

5 Any questions?

6 Motion?

7 COMMISSION-ALTERNATE STANCELL: Move the item.

8 COMMISSION-ALTERNATE MANNING: Second.

9 CHAIR DAVIS: Unanimously approved.

10 CHARLES WARREN: Item 65 is similar to the item
11 just acted upon. It's to approve a five-year Recreational
12 Pier Permit for Lake Tahoe.

13 CHAIR DAVIS: Anyone here to speak against it?
14 Questions?

15 COMMISSION-ALTERNATE STANCELL: Move the item.

16 COMMISSION-ALTERNATE MANNING: Second.

17 CHAIR DAVIS: All right. That's unanimously
18 approved.

19 CHARLES WARREN: Item 66 has been pulled.

20 Item 67, Freeport Geothermal Resources. This
21 is -- staff is requesting approval of assignment of the lease
22 to Santa Rosa Geothermal Company and its encumbrance. No
23 opposition. It's straightforward assignment, and we ask for
24 approval.

25 CHAIR DAVIS: Anyone here to speak against it?

1 Questions?

2 Is there a motion?

3 COMMISSION-ALTERNATE STANCELL: Move the item.

4 COMMISSION-ALTERNATE MANNING: Second.

5 CHAIR DAVIS: That's unanimously approved.

6 CHARLES WARREN: Item 68 has been pulled.

7 Item 69, Mr. Chairman -- Mr. Trout points out we
8 can take 69 and 70 together. It involves the same assignment,
9 except Item 69 applies to Tract 1, and Item 70 applies to
10 Tract 2 of the Long Beach Unit.

11 What is being done here is the nonoperating
12 interest in Tract 1 and Tract 2 are being assigned by their
13 present holders to the Golden West Refining Company. The
14 Golden West Refining Company is a wholly owned subsidiary of
15 Thrifty Oil. Thrifty Oil has a 45,000-dollar-barrel-a-day
16 refinery in Santa Fe Springs and uses the product that it's
17 refining to meets its retail sales needs in Southern
18 California.

19 It will acquire a 10-percent interest in the
20 field in Tract 1, and four percent in Tract 2. It appears to
21 be financially solvent, responsible, and we ask for
22 approval.

23 CHAIR DAVIS: Who are the present holders of the
24 lease?

25 CHARLES WARREN: The present holders --

1 JAMES TROUT: Century and Chevron.

2 CHARLES WARREN: Century has two and a half --
3 has three parcels: two and a half, one and a half, and one,
4 and Chevron has five. That's in Tract 1 for a total of 10
5 percent of the tract. The other assignee is Polly. The
6 other one that holds 10 percent is Polly, and the remaining
7 80 percent will be owned by parts of ARCO, Mobil, and Exxon.

8 CHAIR DAVIS: And what is our responsibility in
9 reviewing, basically the --

10 CHARLES WARREN: To determine that the assignee
11 is financially able to meet the obligations of the lease or
12 is able to take the production, the oil, in the amount
13 represented by the interest of the lease.

14 CHAIR DAVIS: Anyone here to speak against this
15 item?

16 Any questions?

17 Motion?

18 COMMISSION-ALTERNATE MANNING: Move the item.

19 COMMISSION-ALTERNATE STANCELL: Second.

20 CHAIR DAVIS: All right. Those two items are
21 unanimously approved.

22 CHARLES WARREN: That motion goes to both 69 and
23 70. Thank you, Mr. Chairman.

24 Item 71 involves major breaches of lease
25 obligations. The lessee had a lease to explore for driftwood

1 stone. He has not complied in a number of respects with the
2 terms of this lease, and we're requesting an opportunity to
3 default him out on that lease.

4 CHAIR DAVIS: Is there anyone to speak against this
5 item?

6 Any questions?

7 Is there a motion?

8 COMMISSION-ALTERNATE MANNING: Move the item.

9 COMMISSION-ALTERNATE STANCELL: Second.

10 CHAIR DAVIS: All right. That item is
11 unanimously approved.

12 CHARLES WARREN: Item 72, Mr. Chairman, staff is
13 asking for rejection of bids for the crude oil sales of
14 Tract 1. The bid or the two segments offered for the
15 seven-percent segment, the bid was ten percent above posted
16 price; for the five-and-a-half segment, the bid was five
17 percent above posted price. There was only one bidder. We
18 feel that's inadequate, and we recommend rejection of the bids,
19 and we'll resubmit bids by the end of the year.

20 CHAIR DAVIS: Anyone here to object to that
21 item?

22 Any questions?

23 Is there a motion?

24 COMMISSION-ALTERNATE MANNING: Move the item.

25 COMMISSION-ALTERNATE STANCELL: Second.

1 CHAIR DAVIS: All right. That item is
2 unanimously approved.

3 Item 73.

4 CHARLES WARREN: Item 73, Mr. Chairman, is to
5 approval the Sixth Modification of the 89-90 Plan of
6 Development and Operations submitted by the City of Long
7 Beach. The modification updates the planning and budget by
8 replacing forecasted figures for the first three quarters
9 with the actual figures. It reduces the -- there is an
10 amendment which also reduces the forecast price estimate, and
11 it revises expenditures downward. Actual production for the
12 three quarters was 46,826 barrels a day. That's 116 less
13 than planned.

14 In terms of water production, the water
15 production was 435,000 barrels a day, and that's about six
16 and a half thousand barrels more per day than estimated which
17 is the oil/water ratio, I've learned, is quite significant.

18 In terms of the income for 89-90, the estimates
19 are now 122.6 million dollars, down almost 21 million from
20 the amount projected at the end of the second quarter. These
21 revenue estimates are a reflection of the fact that the price
22 of oil has declined rather significantly in recent months.

23 CHAIR DAVIS: Is there anyone here to -- excuse
24 me.

25 CHARLES WARREN: Just ask for approval of the

1 amendment.

2 CHAIR DAVIS: Anyone here to object to this
3 item?

4 Questions?

5 Is there a motion?

6 COMMISSION-ALTERNATE MANNING: Move No. 73.

7 COMMISSION-ALTERNATE STANCELL: Second.

8 CHAIR DAVIS: All right. Item 73 is unanimously
9 adopted.

10 Item 74.

11 CHARLES WARREN: Item 74, Mr. Chairman, is the
12 authorized dredging of 250 cubic yards of material from a
13 portion of the Yacht Harbor in Sausalito for the purpose of
14 maintaining a navigable depth. The material will be disposed
15 of at SF-11 off Alcatraz. There will be a 25 percent of
16 cubic yard mitigation fee charged in order to fund
17 alternative site selections by the State Lands Commission.

18 In the four to six years, disposal sites in the
19 Bay for dredged oil will probably reach capacity. We want to
20 become involved in the alternative site selection process,
21 looking at offshore as well as in the site for that purpose.
22 So the 25 cents disposal fee will be for that, to fund that
23 effort.

24 COMMISSION-ALTERNATE MANNING: How far away is
25 EPA and the other parties from finding this site?

1 CHARLES WARREN: The Core of Engineers along
2 with some Federal agencies and State agencies have a
3 long-term plan for determining these sites, but it's not
4 funded, and we feel that the effort is worthwhile but that
5 perhaps another approach might be more prudent and
6 responsible.

7 COMMISSION-ALTERNATE STANCELL: What's the
8 potential resource? What's the potential amount of resource
9 you get from this?

10 CHARLES WARREN: The mitigation program was
11 instituted in the last action of this Commission when you had
12 a consideration for a dredge project for the Sausalito ferry
13 terminal. We imposed a 25 percent cubic yard mitigation fee
14 on that, and I think 50,000 -- it's 25 cents. What did I
15 say? It's 25 cents per cubic yard mitigation fee, and I think
16 the revenue from that project will be \$50,000.

17 I've asked staff to look over the history of
18 dredging and deposition in the Bay to give us an estimate of
19 what revenues we can expect on an annual basis, so that we
20 can put together our program for evaluating up potential
21 sites. I cannot give you those estimates today. I will be
22 able to give them to you, say, within two weeks.

23 COMMISSION-ALTERNATE STANCELL: And following up
24 the answer to the question that was asked, would that place
25 us then the only entity that's doing any studies in that area

1 since we have the resource?

2 CHARLES WARREN: It may. It's too soon to
3 tell. If the Core of Engineers, EPA, and others come up with
4 a well -- with a funded, well-structured program for dealing
5 with this issue, then it would be my recommendation that we
6 participate, not only as an agency, but also with our
7 mitigation fund, but so far that has not been the case.

8 The Core of Engineers was not particularly
9 thrilled about participating in their plan. So they have a
10 plan and no fund, and we would like to have funds and a plan
11 particularly because their deposition is on public trust land
12 in the Bay.

13 We have evidence from our lessees, for example,
14 that the deposit of dredged spoils in the Bay at the Alcatraz
15 site is harming our resources. We have some commercial leases
16 for dredging, for aggregate sands and so forth, and our
17 lessees are reporting that the quality of those sands have
18 deteriorated, and they believe as a result of the dredge
19 deposition off Alcatraz.

20 We also have correspondence from Fish & Game that
21 the deposition of these dredged spoils in the Bay has
22 significantly harmed the fisheries of the Bay and may be
23 causing the decline in the Stripe Bass and other fishes.

24 So there are some -- unfortunately there is very
25 little known about these biological and environmental effects

1 of dredge deposition in the Bay, and that's what we're trying
2 to do is to learn more about that as possible, and we
3 contacted the Core of Engineers when we first heard about
4 their plan, their proposal to study alternative sites, but we
5 feel that their emphasis is to alternative Bay sites.

6 We also feel that they are not -- they do not give priority
7 to a biological evaluation or assessment of the process that
8 is indicated by the information available through us. We're
9 also influenced by the fact that they have no funds, and we
10 see this as an opportunity, A, to devote -- to acquire a plan
11 to devote to these to essential biological assessments of this
12 practice and also to focus more attention on the possibilities
13 of offshore sites, off-coast sites rather.

14 The Navy, for example, is taking its dredge
15 spoils to an off-coast site. The Core of Engineers, however,
16 seem to be more interested in in-Bay sites.

17 COMMISSION-ALTERNATE STANCELL: Do you know if
18 the Core of Engineers, have they requested additional
19 resources?

20 CHARLES WARREN: Have they requested what?

21 COMMISSION-ALTERNATE STANCELL: Resources to do
22 the study with or the plan.

23 CHARLES WARREN: Yes. They told the agencies
24 participating that it would be their responsibility to pay --
25 I don't remember what portion. My impression is that more

1 than half of the cost. The Core itself does not have money
2 for this purpose as far as I can tell, neither does EPA.

3 CHAIR DAVIS: Well, how much money do we have?
4 We don't have that big of a mitigation fund.

5 CHARLES WARREN: We have 50-some thousand coming,
6 plus we have the prospect of adding to that fund when these
7 dredging applications are before us. This is the first step
8 in acquiring the necessary moneys to fund what we believe to
9 be essential studies.

10 As I indicated to Commissioner Stancell, we're
11 looking over past historical records now to determine about
12 what we can expect in the future from such applications and
13 we can -- we'd like -- we want to give you as soon as
14 possible an estimate of funds that will be available for a
15 project. We're not even going to design the study until we
16 have an estimate of the revenues that will be available.
17 That will be coming to you at a later time.

18 COMMISSION-ALTERNATE MANNING: In designing that
19 study, are we going to be working with BCDC and the other
20 agencies involved?

21 CHARLES WARREN: To the maximum extent possible,
22 yes.

23 COMMISSION-ALTERNATE MANNING: They all
24 participated in the hearing on dredging we had last year. It
25 seemed they would be anxious to --

1 CHARLES WARREN: It would be our purpose,
2 frankly, to work more with State agencies rather than with
3 Federal agencies, because it's our resources that's
4 involved.

5 We're also taking this to the State Lands
6 Commissioners for both Western and Eastern states, because
7 other states have similar problems with the Core. So we're
8 trying to share our -- share with them the success of what
9 our efforts are and hopefully --

10 CHAIR DAVIS: This may not be in their
11 jurisdiction, but has the Coast Guard commented on this one
12 way or the other? Do they have any concern as to where these
13 dredgings are deposited?

14 CHARLES WARREN: Not to my knowledge.

15 COMMISSION-ALTERNATE MANNING: To the extent
16 that Alcatraz poses -- the buildup poses a navigational
17 hazard, I think they would get involved. That's been their
18 main concern when the dredge spoils -- for example, in
19 Alcatraz the mounting has gotten so high and spread so far
20 that it's starting to obstruct navigational channels. So to
21 that extent, they have an interest.

22 CHAIR DAVIS: Why don't we make an inquiry at
23 staff level. There may be some comment around there that
24 would be of help with the Core.

25 CHARLES WARREN: Mr. Chairman, as you know we

1 have a very close relationship with the Coast Guard
2 generally, and we will explore that possibility.

3 Thank you.

4 CHAIR DAVIS: Is there anyone here in objection
5 to this item?

6 Any further questions from the Board?

7 Is there a motion?

8 COMMISSION-ALTERNATE STANCELL: Move.

9 COMMISSION-ALTERNATE MANNING: Second.

10 CHAIR DAVIS: All right. That item is approved
11 unanimously.

12 CHARLES WARREN: The next item is under the
13 category of "Legal." My voice is exhausted. I'm going to
14 turn it over to Mr. Hight, our legal counsel.

15 ROBERT HIGHT: Thank you, Mr. Chairman.

16 The next Item 75 is the authority to conduct a
17 public hearing relating to joint regulations which the
18 Division of Oil and Gas and the Commission staff propose to
19 prepare dealing with safety on platforms, and this is just
20 the authority to hold the hearing, and any regulations open
21 would have to come back to you for approval.

22 CHAIR DAVIS: Anybody here to object to that
23 item?

24 Any questions?

25 COMMISSION-ALTERNATE MANNING: Move the item.

COMMISSION-ALTERNATE STANCELL: Second.

CHAIR DAVIS: All right. That item is
unanimously approved.

ROBERT HIGHT: Item 76, Mr. Chairman, is the
authorization for an annexation to the City of Stockton.
The Commission staff has determined that the boundaries are
legally sufficient and also recommends that the Commission
approve as far as landowner and this annexation.

What it physically does is gives police power
jurisdiction over a portion of land to the City of Stockton.
It's a development that's going to occur which is along the
river and since it's along the river, the boundaries have to
be approved by the Lands Commission.

CHAIR DAVIS: Is there anyone here to object to
this item?

Any questions?

COMMISSION-ALTERNATE STANCELL: I move the item.

COMMISSION-ALTERNATE MANNING: Second.

CHAIR DAVIS: All right. That item is
unanimously approved.

CHARLES WARREN: Item 77 has been pulled,
Mr. Chairman.

The next item would be Item 78 under
"Administration." This is another item dealing with Ward
Valley and the selection of a site for low-level radioactive

1 waste disposal. There is attached to the iter analysis in
2 Exhibit 8, which gives a narrative background to this issue,
3 and I would like to discuss it just for a moment if I may.

4 CHAIR DAVIS: Sure.

5 CHARLES WARREN: I think it -- this issue will
6 come before us again.

7 Federal law requires the State to select a site
8 for the disposal of low-level radioactive wastes. The
9 research facilities, hospitals, and such institutions is
10 required to have a place for their low-level radioactive
11 commodities.

12 As we've learned earlier from a prior item,
13 California has examined a number of alternative sites and is
14 focused on this site in Ward Valley. By law the site selected
15 has to be government property, either federal or state. Ward
16 Valley is BLM land, so the State of California has filed an
17 application to acquire that BLM land for this site, and that
18 process as you know is underway.

19 Now this item authorizes us to solicit bids on a
20 contract to appraise that parcel in the event environmental
21 reviews indicate that we should move ahead to acquire it for
22 that purpose. The appraisal is a little tricky. We are
23 acquiring that site -- when we acquire that site from BLM, it
24 will be school land, and the income from school lands would be
25 available to the State Teachers Retirement System. We will

1 then turn that parcel over to the Department of Health
2 Services, who will then give a lease to a contractor, in this
3 instance, U.S. Ecology to run the site. The contractor will
4 charge fees approved by the Department of Health Services in
5 order to recover costs and to give a reasonable rate of return
6 on its investment.

7 The fees will be charged to those who use the
8 site. So the fees that the users pay will be determined in
9 part by what is paid for the property as well as for the
10 facilities required to operate the property.

11 Now there are three other states which California
12 has agreement. They are Arizona, North and South Dakota, and
13 we are going to make the site available to those three
14 additional states to use for the deposition of their low-level
15 wastes. Now the users, as is understandable, would like to
16 see the price of this property kept as low as possible. They
17 will point out undoubtedly that it's desert property, not used
18 for anything, has absolutely no purpose and should be disposed
19 of for \$1 an acre. I just use that theoretically. In other
20 words, it is their interest to keep the price low.

21 It is State Lands Commission's obligation to keep
22 the price high in order to benefit the State Teachers
23 Retirement System. There is a conflict. Not a conflict.
24 There is tension there between the potential users, Department
25 of Health Services and the State Lands Commission.

1 So the question of how to appraise that site is
2 the key to what extent should appraisal involve the unique
3 characteristics of this site which make it available for use
4 as a low-level radioactive waste site. That is the only site
5 in the State of California that has been identified as having
6 those necessary characteristics. Therefore, it can be argued
7 by the appraiser that it has unique characteristics which
8 should be reflected in the appraisal price.

9 So this item here is to authorize us to get -- to
10 ask for bids on an appraisal contract, to respond to those
11 concerns and to resolve those tensions.

12 CHAIR DAVIS: Let me just ask a few questions.

13 First, we are not determining -- as I understand
14 it, this Board is not determining that there'll be a low-level
15 nuclear waste site on this property. That's been determined
16 by legislation.

17 CHARLES WARREN: By Health Services.

18 CHAIR DAVIS: Well, it was legislation
19 authorizing Health Services, which in turn chose it.

20 And what is our specific responsibility relative
21 to this site? What power are we exercising here?

22 CHARLES WARREN: To acquire the site.

23 CHAIR DAVIS: Pardon me?

24 CHARLES WARREN: To acquire the site. Make it a
25 site selection under the school lands program with the

1 indemnity clause and to sell it to Health Services.

2 CHAIR DAVIS: Now, what is the State Teachers
3 Retirement System's position on this issue?

4 CHARLES WARREN: Supportive of State Lands
5 Commission.

6 CHAIR DAVIS: All right. So their goal,
7 obviously, is to get as high a price as they can for it.

8 Is there anyone here in opposition to this item?
9 Are there any questions?

10 COMMISSION-ALTERNATE MANNING: No questions.

11 COMMISSION-ALTERNATE STANCELL: We are purchasing
12 the property from Bureau of Land Management?

13 CHARLES WARREN: It would be an exchange.

14 COMMISSION-ALTERNATE STANCELL: It's an exchange.
15 Beg your pardon?

16 ROBERT HIGHT: I'm sorry. We're selecting it
17 under an entitlement that we have.

18 COMMISSION-ALTERNATE STANCELL: So that's why
19 we're in it?

20 Basically the Department of Health can go out and
21 buy the property themselves, but this is the most suitable
22 site and because we are going to exchange, that's how we're in
23 it. Is that right?

24 ROBERT HIGHT: Yes.

25 COMMISSION-ALTERNATE STANCELL: Because it didn't

1 make sense otherwise why we are in it.

2 With that clarification, I move.

3 COMMISSION-ALTERNATE MANNING: Second.

4 CHAIR DAVIS: All right. The item is unanimously
5 approved.

6 CHARLES WARREN: Item 79, Mr. Chairman,
7 Commissioners, is an amendment to a contract with the
8 California State University to add \$15,000 for a study of
9 endangered species that the U.S. Forest Service Land Exchange
10 wants us to conduct and which will reimburse us for the cost
11 and for a \$43,000 study for management enhancement plan for
12 the endangered Tahoe Yellow Cress, which amount will be
13 reimbursed by Tahoe Pier applicant, and I ask for approval.

14 CHAIR DAVIS: Is anyone here in objection to this
15 item?

16 Questions?

17 Motion?

18 COMMISSION-ALTERNATE MANNING: Move the item.

19 COMMISSION-ALTERNATE STANCELL: Second.

20 CHAIR DAVIS: That item is unanimously approved.

21 CHARLES WARREN: Item 80 is to ratify amendments
22 to the emergency contract to conduct reviews of the
23 environmental impacts of the Huntington Beach oil spill.
24 That's the Chambers Environmental Consultant Group. They will
25 do a -- to complete their efforts, they will do a before and

1 after biological effects study exploring the sediments in the
2 area surrounding this oil spill site.

3 CHAIR DAVIS: What precisely is this study going
4 to produce?

5 JAMES TROUT: Chambers Group for which this
6 contract is intended have been doing a number of studies for
7 the Core of Engineers right in that area. When the American
8 Trader incident happened, we contracted with them to come out
9 immediately and start making investigations. This is to
10 continue that investigation on into the future to provide a
11 data bank for use in any potential litigation regarding
12 impacts on the site. So there will be additional sampling to
13 be carried on over to the next two months.

14 CHAIR DAVIS: And how does that contract square
15 with the Ocean Ore contract?

16 JAMES TROUT: Ocean Ore looked at the operations
17 itself, the operation of the terminal, the oil spill recovery
18 equipment, the berthing process, the anchors, the whole system
19 dealing with the development of the marina and use of it by
20 the ship. This is to look at the biological impacts of the
21 spill, along the Commission's lands along the beach there.

22 CHARLES WARREN: Sands, the beach, the
23 sediments.

24 CHAIR DAVIS: Okay. Is there anyone here in
25 objection?

1 Are there any questions?

2 COMMISSION-ALTERNATE MANNING: I have one quick
3 question.

4 Has the American Trader Company been forthcoming
5 in offering to reimburse State or local agencies trying to do
6 the environmental assessments?

7 ROBERT HIGHT: At this point, the Attorney
8 General's office, as the coordinator of the State agencies, is
9 still preparing the damage study and has not yet presented it
10 to American Trader.

11 COMMISSION-ALTERNATE MANNING: What about the
12 cost of the studies themselves?

13 ROBERT HIGHT: Not yet. It's my understanding
14 they have paid some local governments for some cost, but I
15 don't know about damage to any portion.

16 CHAIR DAVIS: When is that -- we have a
17 representative from the Attorney General's office.

18 When does the Attorney General anticipate
19 presenting those claims to American Trader?

20 DEPUTY ATTORNEY GENERAL STEVENS: I think in the
21 near future, Mr. Davis. We've been working with the other
22 State agencies that have responsibilities in this area and
23 putting together a package with a rather high cost bill.

24 CHAIR DAVIS: Are we talking 60 days? 90 days?
25 120 days?

1 DEPUTY ATTORNEY GENERAL STEVENS: No, I think
2 within 30 to 60, probably before.

3 CHAIR DAVIS: Anyone in opposition to this item?

4 CHARLES WARREN: I'd just like to say that we
5 intend to submit the cost of this item to the Attorney General
6 for inclusion among the assessment computation of damages.

7 CHAIR DAVIS: Any opposition to this item?
8 Any further questions?

9 COMMISSION-ALTERNATE STANCELL: Move.

10 COMMISSION-ALTERNATE MANNING: Second.

11 CHAIR DAVIS: This item is unanimously adopted.

12 CHARLES WARREN: Item 81, Mr. Chairman, staff is
13 asking to ratify a contract for an oil/gas platform risk
14 management study by Belmar Engineering. The study is to -- is
15 for the purpose of conducting a safety audit of a marine
16 terminal and offshore platform within Santa Barbara County and
17 an offshore platform within Orange County.

18 The results of that study will be useful to us in
19 a number of significant ways, first, in terms of meeting our
20 obligations under the lease; second, it will assist us in
21 meeting our responsibilities under the Coast Guard terminal
22 review process. In the event our responsibilities are as set
23 forth in SB 2040, it will directly enable us to better perform
24 the responsibilities that that legislation tends to assign
25 us.

1 CHAIR DAVIS: Is that the Keene bill?

2 CHARLES WARREN: Yes.

3 CHAIR DAVIS: Is that language in the Lempert
4 bill?

5 CHARLES WARREN: No.

6 I've written you a memorandum on that fact
7 recently. You will have it either in today's mail or
8 tomorrow. Mr. Lempert's bill is before Senator McCorquodale's
9 Bill Committee. It's my intention unless the Chair feels
10 otherwise to suggest to Senator McCorquodale that Lempert's
11 bill be amended, as far as the State Lands Commission is
12 concerned, to conform with the provisions of Keene's bill.

13 CHAIR DAVIS: In this regard?

14 CHARLES WARREN: Yeah, in this regard.

15 CHAIR DAVIS: This is part to the Keene bill that
16 we don't like?

17 CHARLES WARREN: Yes, absolutely. Just this one
18 part. This one part we have the agreement of industry, the
19 administration, the environmental groups that it is desirable
20 and we see no reason why there should be any further delay.

21 CHAIR DAVIS: Is there anyone who wants to speak
22 in opposition to this item?

23 Any questions?

24 Is there a motion?

25 COMMISSION-ALTERNATE STANCELL: I'll move the

1 item.

2 COMMISSION-ALTERNATE MANNING: Second.

3 CHAIR DAVIS: All right. The item is unanimously
4 approved.

5 CHARLES WARREN: Item 83, Mr. Chairman, it's to
6 approval a 138-day General Permit - Public Agency Use. It's
7 to use an abandoned marina site in the Sacramento River. It
8 used to be the De Rosa Marina. The site will be used as a
9 staging area in connection with a two-mile State levee
10 reinforcement project. It will be for a limited period of
11 time, 138 days. The Board has agreed to a number of
12 restoration projects, for fencing and for paving and for
13 revegetation.

14 And with those agreements, we believe that the
15 permit should be approved.

16 There have been some changes that we just need to
17 mention. There have been some even more recent changes --

18 JAMES TROUT: The reclamation board has agreed to
19 some changes that our environmental unit wanted, and we just
20 want to mention that to you before you act on this item.

21 CHAIR DAVIS: Just for everyone's benefit, we
22 skipped Item 82, which we'll go back to. We're now dealing
23 with Item 83. Mr. Stancell brought that to our attention.

24 CHARLES WARREN: Should we go back to 82?

25 CHAIR DAVIS: No, no. We're into Item 83. We'll

1 come back to 82 afterwards.

2 Is there anyone in opposition to Item 83?

3 Are there any questions about Item 83?

4 COMMISSION-ALTERNATE MANNING: Move the item.

5 COMMISSION-ALTERNATE STANCELL: Second.

6 CHAIR DAVIS: All right. Item 83 is unanimously
7 approved.

8 We'll go back to Item 82 now.

9 CHARLES WARREN: Item 82, this is to ratify the
10 award of a contract to the lowest bidder for the purpose of
11 conducting a sea floor hazards survey within the coastal
12 waters of Santa Barbara, Ventura, Los Angeles and Orange. The
13 the low bid was \$248,000, some \$67,000 less than the second
14 bidder. The money comes from the HG Fund and is to be used
15 for -- and is part of the Fisherman's Mitigation Fund under
16 the HG Fund.

17 CHAIR DAVIS: All right. And the purpose of this
18 study is to do what?

19 CHARLES WARREN: To identify hazards to fishing
20 that may be on the bottom of the ocean and to remove those
21 hazards and things of that kind. This is a continuation of a
22 survey that has been undertaken and just adds another section
23 of the Coast to that which has already been studied.

24 CHAIR DAVIS: Is that part of our contract with
25 commercial fishermen? Do we have this obligation?

1 CHARLES WARREN: Yes.

2 CHAIR DAVIS: Any questions?

3 COMMISSION-ALTERNATE STANCELL: Is this related
4 to the geophysical?

5 CHARLES WARREN: The environmental affairs. The
6 environmental affairs, as I understand it, administers the HG
7 moneys and they assigned \$600,000 to State Lands Commission to
8 conduct the sea floor hazard study.

9 CHAIR DAVIS: Environmental affairs of what?

10 JAMES TROUT: Environmental Affairs Agency.

11 CHAIR DAVIS: Any questions?

12 Is there a motion to approve?

13 COMMISSION-ALTERNATE MANNING: Move the item.

14 COMMISSION-ALTERNATE STANCELL: Second.

15 CHAIR DAVIS: That item is unanimously approved.

16 Now we go to Item 84.

17 There is someone who wants to talk on this item.

18 CHARLES WARREN: Item 84 we have two speaker
19 slips.

20 CHAIR DAVIS: One was if he's called upon, and
21 the other one was from James Goode who wants to be heard on
22 this item. Why don't you just address the item in general
23 terms, Mr. Warren, and then we'll call on Mr. Goode.

24 CHARLES WARREN: Item 84 is to approve a two-year
25 prospecting permit for minerals other than oil, gas,

1 geothermal and so forth, in this instance gold. The
2 prospecting would take place on acreage owned by the State
3 Department of Fish & Game in Sierra County. The Fish & Game
4 is supportive of this project inasmuch as among the benefits
5 that will -- will ensue is acquisition of the Overmann Ranch
6 which is presently a deleted part of a wildlife refuge which
7 they would ultimately like to acquire.

8 The approval of the prospecting permit does not
9 in any way commit the State Lands Commission to the project
10 itself. It would have to, in the event of an application, to
11 develop it further. Then there would have to be environmental
12 reviews and conditions as indicated by the Commission. The
13 staff recommends approval.

14 CHAIR DAVIS: Fine.

15 Mr. Goode.

16 Please just state your name for the record.

17 JAMES GOODE: Yes. My name is James Goode,
18 lawyer in San Bernadino. I'm speaking for Tenneco. I see you
19 have a three-minute limit. That's tough on a lawyer.

20 CHARLES WARREN: Mr. Chairman, forgive my
21 rudeness. I wonder if I might interrupt just for a moment.

22 We have received two letters to which the witness
23 might want to respond in his remarks and that's why I
24 interrupt. One from the Baldersteins asking that the matter
25 be removed from calendar -- taken off calendar as it is

1 impossible for them to appear in opposition.
2

3 Another communication was from a
4 Mrs. Philapene who called to indicate her protest to the
5 project and to urge the Commission to deny the permit. She's
6 concerned about the use of cyanide as a bleaching agent. She
7 does not want environmental damage such as that done in Nevada
8 and Sierra County, does not believe that there will be any
9 real economic benefit to the area, does not believe that
10 Tenneco cares about the area, does not believe that new jobs
11 will result, was disappointed with the cleanup of poor
12 sampling sites by Tenneco's predecessor, and just is otherwise
13 opposed to the project.

14 CHAIR DAVIS: Was the staff privy to those
15 letters when they made their recommendation?

16 CHARLES WARREN: Yes.

17 JAMES GOODE: Yes, and I believe the staff has
18 responded to those letters.

19 I'm only here because of the request that this be
20 deferred. The permit is for a prospecting drilling period
21 from May 15th until August 10th, and if this permit is not
22 approved today, the project is just off for another year.
23 There's no way they can drill in the wintertime.

24 Basically, this came about through
25 Assemblyman Dills' bill last year that was adopted by the
legislature, which makes it possible for the Fish & Game to

1 approve prospecting permits and leases on Fish & Game land in
2 exchange for certain consideration, and basically that bill
3 now empowers through this process the Fish & Game to acquire
4 additional, better habitat, more habitat for Fish & Game
5 purposes, and we basically think it's kind of a win/win both
6 for the State and Tenneco. The State gets better habitat,
7 controlled habitat.

8 There's a potential to gain as much as 720 acres
9 of the Overmann Ranch which is a much more additional
10 habitat. It's all subject to total environmental
11 review. There's no commitment by the State or the Fish & Game
12 or anybody. We still have to go through all the EIR hoops and
13 regulatory hoops and all that, and then if the project is
14 allowed to go forward in the form of a lease later on, why the
15 company must reclaim, and the State still owns the land.

16 So we think it's a good win/win all the way
17 around. This particular parcel is part of an overall mining
18 project up near Loyalton. If there are any questions with
19 respect to the need for us proceeding as we must this year
20 with the drilling program and as the permit allows, why
21 Mr. Tom Young who's the project manager can address that. He
22 lives at Loyalton and has made himself totally available in
23 the area to answer questions on the project by the citizens or
24 anybody else. So if you'd like to hear more about that, he'll
25 be happy to address the Commission.

1 CHAIR DAVIS: This is prospecting for gold?

2 JAMES GOODE: Yes, it's a gold projecting
3 process. I don't think anybody has any clear idea just how --
4 there have been a number of proposals that were discussed when
5 Heckler controlled the property but that would be the idea.

6 Of course, we're well aware that when you're
7 talking about gold these days, you're talking about a
8 tremendous amount of environmental requirements that attend
9 that kind of an operation. So we'd like to get started, at
10 least, looking at the land and Exhibit A contains to the
11 permit -- contains a number of environmental conditions and it
12 also provides that there is no guarantee of the lease, until
13 there's full environmental regulatory review and mitigation
14 and the like later on.

15 CHAIR DAVIS: So if we grant this and you come
16 back in two years and say, "Now, listen we went through all
17 this expense, you have to approve it," you won't be unduly
18 concerned if we don't approve it?

19 JAMES GOODE: I don't think we have a right to
20 anticipate that you've committed yourself.

21 CHAIR DAVIS: I just wanted to say that for the
22 record.

23 Is there anyone in the audience in opposition?
24 Are there any questions?

25 COMMISSION-ALTERNATE MANNING: One question.

1 The land deposit that was made, the \$5,000 land
2 deposit, is that in part to ensure reclamation after the
3 testing is done?

4 ROBERT HIGHT: You mean the bond?

5 COMMISSION-ALTERNATE MANNING: Is it a bond? It
6 was unclear.

7 ROBERT HIGHT: Yes.

8 CHAIR DAVIS: What is the compensation to the
9 State for permitting this prospecting permit or for allowing
10 the prospecting permit?

11 CHARLES WARREN: For the prospecting permit?

12 CHAIR DAVIS: Uh-huh.

13 ROBERT HIGHT: One dollar an acre, \$5,280.

14 CHARLES WARREN: I thought it was only 1700-plus
15 acres.

16 CHAIR DAVIS: Do you know, Mr. Goode?

17 JAMES GOODE: I don't know right offhand.

18 CHARLES WARREN: We need a second to resolve
19 that.

20 (Pause)

21 CHARLES WARREN: The 5,000 figure is
22 correct. It's \$3 an acre for the prospecting permit.

23 CHAIR DAVIS: That's our standard fee?

24 CHARLES WARREN: Yes.

25 JAMES GOODE: The mechanism therefore of land

1 conveyances to the State is on the issuance of a lease, and the
2 applicant initially conveys 80 acres and then the State has
3 the opportunity, Fish & Game, to take additional 80-acre
4 chunks until the full 720 in lieu of being paid royally.

5 CHAIR DAVIS: Any board members have any
6 questions?

7 COMMISSION-ALTERNATE STANCELL: Is there any
8 input from the county on this matter?

9 JAMES GOODE: Yes, the county is not opposed.
10 Fish & Game is not opposed.

11 CHAIR DAVIS: Let's get it from the staff here.

12 JAMES TROUT: We were handed a letter this
13 morning that Mr. Warren hasn't even had a chance to see, and
14 that is from the Sierra Valley Resource Conservation District
15 whose problems are similar to the Baldersons and particularly
16 asking that it be put over until it can be heard in Northern
17 California.

18 CHAIR DAVIS: Is there anything from Sierra
19 County?

20 COMMISSION-ALTERNATE STANCELL: Board of
21 Supervisors or anyone.

22 JAMES TROUT: Mr. Sanders handed me a letter from
23 Sierra County. Would you like that summarized?

24 DWIGHT SANDERS: Thank you, Mr. Chairman.

25 The county has -- we've received a letter from

1 the building department of the county. The Board of
2 Supervisors specifically requesting that the mitigation
3 measures that we have that have been included within the
4 project description be included. That has been done, as with
5 regard to well abandonment area, reclamation and so forth.
6 They have also indicated a number of concerns to which we have
7 responded. They have asked the intent of the Department of
8 Fish & Game in proceeding with this project, that was alluded
9 to by Mr. Warren as to the acquisition of the additional land
10 to expand the refuge there.

11 They are concerned or expressed concern that
12 agencies, all agencies, involved in the project, both now and
13 if the project were to proceed to a developed proposal, would
14 be aware of what is transpiring in this particular instance.
15 We have indicated to them that we have fully notified all
16 agencies that would be involved in this decision process and,
17 in fact, those agencies were a part of the environmental
18 review of the proposal before you. So that concern I
19 believe has been met.

20 The last concern is really a request made by the
21 county to have the staff of the Commission as well as staff
22 from the Department of Fish & Game present this proposal to
23 the Planning Commission in Sierra County on tomorrow, the
24 12th of June, and we have indicated that both representatives
25 from Region II, which is the region in which this project is

1 located, and our staff will be available at that planning
2 commission meeting tomorrow to present the proposal as
3 considered by you here today, as well as to be there to answer
4 questions relative to the concerns of local people in this
5 particular project.

6 CHAIR DAVIS: Is the assumption there that -- do
7 they realize the item is calendared for action today?

8 DWIGHT SANDERS: Yes, they do, sir.

9 I believe that they are merely concerned that
10 they be kept informed as this project proceeds through the
11 many phases that are necessary, the prospecting phase which is
12 the item that you are considering here today, the potential,
13 ultimate development of a resource should that be found.

14 COMMISSION-ALTERNATE STANCELL: But even if the
15 individuals that have concerns about this issue in effect,
16 they're not able to be present today really won't have an
17 opportunity to change the decision if the decision is made
18 today?

19 COMMISSION-ALTERNATE MANNING: That is correct
20 insofar as that point.

21 The same individuals that have expressed concerns
22 with this project since 1987 when it first began, I think
23 those are, in fact, those that have asked that the matter be
24 put over. The individuals have been notified through the
25 environmental process and through the process that the

1 applicant has proceeded with in this particular issue.

2 COMMISSION-ALTERNATE STANCELL: Thank you.

3 CHAIR DAVIS: Is there any process, Mr. Warren,
4 that we can approve this pending some development or something
5 that may occur tomorrow? Is there any way we can have our
6 cake and eat it here?

7 CHARLES WARREN: Let me talk to my cake and eat
8 it staff.

9 Mr. Chairman, we were unable to come up with a
10 satisfactory answer to your question. We can answer it, but
11 it's not satisfactory. The answer is no. There is no other
12 decision point for this project. Today's decision is the
13 final decision, and if the permit is granted then they can
14 proceed with their exploration activities.

15 Their exploration activities consist of a limited
16 number of hole bearings, drillings, removal of samples, also
17 some rock chipping by an individual in the field taking a
18 course of chipping samples. There will be how
19 many holes?

20 JAMES GOODE: There will be 13 pads, four holes
21 per pad spread all over this acreage.

22 CHARLES WARREN: And after the exploration
23 activities all activities -- the surfaces will be restored.

24 JAMES GOODE: As required by Exhibit A.

25 CHAIR DAVIS: Mr. Warren, I think we may have a

1 solution to this problem.

2 COMMISSION-ALTERNATE STANCELL: Mr. Warren, I may
3 not be on your cake and eat it staff, but I think I've come up
4 with something that may work.

5 Being concerned about the fact that there are
6 some folks that have some strong concerns about this
7 particular matter, and they were unable to be present today
8 because of geographical location as they indicated, I would
9 propose to the Commission that you be authorized, at least
10 delegated the authority, to act on this matter after
11 tomorrow's hearing with the planning commission, and if you
12 deem that matters brought before that planning commission
13 warrants action other than what our general thinking is at
14 this point -- and my general thinking is that we should go
15 ahead and do it, but I think we should be sensitive to
16 providing an opportunity for input.

17 And I would propose to the Commission that they
18 delegate that authority to you to act after tomorrow's
19 hearing.

20 CHAIR DAVIS: Those are my sentiments as well.

21 I think when you roll into a county the day after
22 a decision is made I know I as an elected official would not
23 feel particularly delighted that the decision had already been
24 made without an opportunity to present the facts to the
25 county. I think the sense of the Board here is that we should

1 grant the permit, but our sensitivity to elected officials in
2 Sierra County suggest that we not take a formal action here
3 but delegate that authority to the Executive Officer.

4 CHARLES WARREN: It would be my intention then to
5 grant the permit unless persuasive evidence is presented at
6 the planning commission hearing tomorrow that the permit
7 should not be granted and to report back to you of my
8 actions.

9 COMMISSION-ALTERNATE STANCELL: Is that legal?

10 DEPUTY ATTORNEY GENERAL STEVENS: We were just
11 discussing that, Mr. Chairman.

12 I think that, of course, the Commission cannot
13 delegate a wholly discretionary function to Mr. Warren, but to
14 authorize him to proceed with the approval unless he finds
15 that there is substantial new evidence which would warrant
16 reconsideration, in which event he's directed to return this
17 matter to the Commission, I think would stand up.

18 CHAIR DAVIS: Would you, Mr. Stancell, accept the
19 Attorney General's characterization of your motion?

20 COMMISSION-ALTERNATE STANCELL: I certainly
21 will. It sounds legally prudent.

22 COMMISSION-ALTERNATE MANNING: Second.

23 DWIGHT SANDERS: Mr. Chairman, to give your
24 Commission a level of comfort beyond that which it may have
25 now, the Sierra County Planning Commission previously issued a

1 special use permit to Heckla Mining Company for this type of
2 activity. Whether they have done so or would do so tomorrow
3 to Tenneco remains to be seen.

4 CHAIR DAVIS: On the merits, it seems to me that
5 this is a permit we should approve. We're all just sensitive
6 to the feelings of people in another part of the state who may
7 feel that they didn't have a chance to have their day in
8 court.

9 As the Attorney General characterized his motion,
10 we have it before us, and could we have the secretary read
11 that back so we understand the motion we're voting on?

12 GAIL MOORE: From Mr. Stancell?

13 CHAIR DAVIS: No.

14 COMMISSION-ALTERNATE STANCELL: As modified by
15 the Attorney General.

16 DEPUTY ATTORNEY GENERAL STEVENS: I could attempt
17 to rephrase this if it facilitates matters.

18 The Executive Officer is authorized to -- the
19 Commission approves and authorizes the Executive Officer to
20 proceed with authorization of the project provided that if new
21 evidence is found by him which is substantial, then he is
22 directed to bring the matter back before the Commission for
23 reconsideration.

24 COMMISSION-ALTERNATE MANNING: Second.

25 CHAIR DAVIS: That will be understood to be the

1 motion before us made by Mr. Stancell, and that's unanimously
2 approved.

3 JAMES GOODE: Thank you.

4 CHAIR DAVIS: Item 85.

5 CHARLES WARREN: Mr. Chairman, this is an action
6 to consider proposed boundaries and annexation of tide and
7 submerged lands into the City of Rio Vista. The staff has
8 looked over the application. There appears to be no basis for
9 objection, and we recommend approval.

10 CHAIR DAVIS: Is there anyone here in objection
11 to Item 85?

12 Any questions?

13 COMMISSION-ALTERNATE MANNING: Move the item.

14 COMMISSION-ALTERNATE STANCELL: Second.

15 CHAIR DAVIS: That item is unanimously approved.

16 Item 86. Would you generally characterize the
17 issue, Mr. Warren. We have Douglas, I believe it's Coates.

18 CHARLES WARREN: There is a request by
19 representatives of the Marina and Recreation Association to
20 address the Commission on a number of matters concerning its
21 members and the way in which the State Lands Commission
22 administers marina activities and leases that the members have
23 with the Commission.

24 I have met with representatives of this group
25 several weeks ago. Mr. Trout has met with them most recently,

1 and he will be prepared to respond after the presentation.

2 CHAIR DAVIS: Mr. Coates.

3 Is your recommendation for approval or for
4 denial?

5 CHARLES WARREN: There is no action, just to hear
6 the presentation by the spokesperson. I think -- would it be
7 more than five minutes?

8 DOUGLAS COATES: No.

9 CHAIR DAVIS: Please proceed. State your name
10 for the record.

11 DOUGLAS COATES: My name is Doug Coates. I'm the
12 Executive Director of the Marina Recreation Association, which
13 is an association of private marina owners and operators in
14 California.

15 As the Commission may or may not be aware, there
16 are approximately 1,000 marinas in the State of California.
17 The majority of which are privately owned and operated, and
18 many of our members have leases with the State Lands
19 Commission. As such, a number of our members have concerns
20 about the way different policies and procedures and guidelines
21 are set up and administered by the Commission and staff.

22 Specifically, some of the major concerns deal
23 with leases, the terms, how terms of leases are come about,
24 rental rates, the reversion clauses that are being put in the
25 leases which is by our way of thinking, a vergal confiscation

1 of private property at the end of a lease, and in effect puts
2 the State Lands Commission in the marina business at the
3 termination of certain leases. There are conservation issues,
4 silting, dredging. There's educational issues. There's law
5 enforcement issues, these types of things.

6 As it stands now the general feeling between my
7 membership is an adversarial role, and we would like to see
8 that changed. We're proposing as a first step in changing
9 that that the State Lands Commission set up a marina advisory
10 committee which would work with staff in developing policies,
11 developing guidelines, allowing us to provide information and
12 input in the marina industry to staff.

13 We understand staff is limited, you know, staff
14 time, facilities and that type of thing, and we feel that we
15 can be very beneficial in helping staff develop guidelines and
16 policies with regards to these different areas that I just
17 mentioned.

18 We visualize this Commission or the advisory
19 committee as being made up of private marina owners and
20 operators from salt water marinas, from fresh water, from
21 rivers, from lakes, from estuaries, that type of thing.

22 What we'd like to see is we'd like to see the
23 Commission basically instruct the staff to develop the
24 criteria for setting up such a committee, and that this
25 committee could be formed and implemented at the August

1 meeting, and then we would have an opportunity to work with
2 the Commission staff in the future on the various concerns
3 that we have.

4 We also understand that this is a two-way street
5 as we would have an opportunity then to put out information
6 provided by the Commission that isn't getting out right now on
7 some of the good things that they're doing, which is because
8 of lack of information or lack of things like that.

9 Our newsletter reaches over 1750 entities. So
10 that's our proposal. We'd like to see the Commission set up a
11 marina advisory committee which would work with staff on a
12 regular basis to help develop policies and guidelines, to do
13 away with some of the inequities and some of the matters that
14 are happening right now.

15 Thank you.

16 COMMISSION-ALTERNATE TUCKER: Okay, did you want
17 to respond?

18 CHARLES WARREN: We have no objection to the
19 industry setting up an advisory committee, and we're more than
20 happy to meet with the association's representatives any time
21 they want. We have done so. If they want to have a group to
22 meet with us to discuss particular items, particular agenda,
23 they're free to do so, but I think what the witness is
24 requesting goes beyond that.

25 They're asking this Commission to set up an

1 advisory board consisting of lessees of the Commission in
2 order to develop policies and guidelines for the conduct of
3 the Commission's marina leasing activities, and I think before
4 that step is taken careful consideration should be given to
5 the request, and at this time it would be staff's
6 recommendation that that be denied.

7 DOUGLAS COATES: Could I respond to that?

8 COMMISSION-ALTERNATE TUCKER: Sure.

9 DOUGLAS COATES: We're not asking you to set up a
10 committee with the lessees. We're asking for a committee to
11 be set up with marina owners and operators throughout the
12 State that represent the various entities. It doesn't
13 necessarily have to be lessees or people that have agreements
14 with the State Lands.

15 We feel that a lot of the inequities in the
16 leases are developed because State Lands doesn't take into
17 consideration all the other various items that come into
18 play. They go after and they're doing an excellent job
19 looking out for the State Lands, but they're putting the small
20 businessmen out of business.

21 If you have a lease that expires this year and
22 you come back in and negotiate with State Lands and they come
23 up with what they feel is a very fair lease and now you're
24 competing with someone who still has 10 years to go on his
25 lease, two miles down the river or on the other side of the

1 lake, you're going to be put out of business. If you're
2 dealing with State Lands and competing against a city-owned
3 marina which doesn't have all of the encumbrances that a
4 private marina has. Those things have to be taken under
5 consideration.

6 All we're asking is that an advisory committee be
7 set up of private marina owners throughout the state, but that
8 we can meet with them on a regular basis to provide input.
9 There's too many things, the silting issue, the dredging
10 issue, the conservation issues. There's just a lot of things
11 that need to be addressed on a regular ongoing basis, and we
12 just feel that as an advisory committee we would be able to
13 give our input. We feel, as I said before, is the first step
14 in changing what is perceived as an adversary role right now
15 between the Commission and the private small business owner.

16 COMMISSION-ALTERNATE TUCKER: Did you want to
17 say anything?

18 I think there's agreement that if you want to
19 form an advisory group that the Lands Commission staff will
20 certainly meet with them. Then I think the staff will take it
21 upon itself the responsibility to communicate to the
22 Commission those things that ought to be communicated and you
23 obviously have that option to do that yourself.

24 CHARLES WARREN: I'd just like to point out, all
25 these leases are negotiated. We try to do it on a market

1 basis. They are reviewed by the Commission. If the lessee
2 finds them onerous or unacceptable, they can appear before the
3 Commission and make their case. Now that the association
4 exists, perhaps the association can represent the position of
5 individual lessees when these leases are up for review. They
6 are negotiated at arm's length. I think there is a
7 misunderstanding of the role and the responsibilities of the
8 State Lands Commission in this instance, and I just emphasize
9 that point that these are arm's length commercial
10 negotiations, but they are negotiated. Each lease is
11 separately negotiated and that needs to be better understood I
12 think.

13 DOUGLAS COATES: That's part of the problem now
14 is there's no separate guidelines and policies and each person
15 is -- it's kind of a divide and conquer issue at this point.

16 COMMISSION-ALTERNATE TUCKER: I don't think
17 anyone objects to having more input from your group or the
18 people that you're representing today. I think more
19 information is always helpful, and it may give your people an
20 opportunity to hear a statement from the staff as to what
21 their guidelines are as far as how they pursue in establishing
22 the lease rates, et cetera.

23 DOUGLAS COATES: So I guess, just so that I
24 understand what you're saying is that we can go ahead in
25 cooperation -- I've talked with Mr. Trout before on this

1 matter. In cooperation with them, develop a committee that
2 could meet on a regular basis with them and provide input, is
3 what you're saying?

4 COMMISSION-ALTERNATE TUCKER: Mr. Warren.

5 CHARLES WARREN: I'm not sure that's what you
6 said.

7 What I thought you said is that the association
8 is free to create an advisory committee as part of the
9 association and whenever -- the staff of the Commission will
10 attempt to accommodate each and every request they make of us
11 for a meeting to discuss any or all issues confronting the
12 industry. I think that's what you said. That's what we have
13 done to date, and if they would formalize their structure and
14 create this group, we would be happy to accommodate them.
15 Then if we do not accommodate them to their satisfaction, they
16 can bring their case back to you and advise you of our
17 deficiency.

18 COMMISSION-ALTERNATE TUCKER: Is that your
19 understanding?

20 DOUGLAS COATES: That's not really what we want.
21 We'd like to, at least, meet on a regular basis.

22 COMMISSION-ALTERNATE TUCKER: I don't see any
23 difference between the two characterizations other than
24 whether or not there's an implication that this is going to
25 happen on a particular day each month, et cetera, and I think

1 that Mr. Warren is probably resisting that because it implies
2 a rigidity that may be incompatible with other things that the
3 staff is trying to accomplish.

4 But I think that's really quibbling. I think you
5 should see if there's a problem before we debate whether or
6 not there has to be a particular day of the month established
7 as a regular meeting date. Try the meetings out and see
8 first, and then we can see if there's a problem.

9 Okay?

10 DOUGLAS COATES: Thank you.

11 CHARLES WARREN: Mr. Chairman, members, that
12 concludes the public calendar. We have executive session. I
13 wonder if it would be appropriate for a 15-minute break to
14 change over.

15 COMMISSION-ALTERNATE TUCKER: To change over what?

16 CHARLES WARREN: To clear the public.

17 COMMISSION-ALTERNATE TUCKER: Mr. Stancell,
18 because of the pressures of this meeting, needs to have a
19 break.

20

21 (WHEREUPON hearing was adjourned)

22

23

24

25

CERTIFICATION

STATE OF CALIFORNIA)
)
COUNTY OF VENTURA) ss.

I, ANGIE BRYANT, do hereby certify that the foregoing pages 1 through 58, inclusive, are a true and correct verbatim transcript of the proceedings as reported by me.

WITNESS my hand this 1st day of July, 1990,
Ventura, California.


ANGIE BRYANT

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